

TOP SECRET

25X1

Copy No. 68

VOL. I No. 11
24 October 1951

CURRENT INTELLIGENCE REVIEW

[Redacted]

25X1

DOCUMENT NO. _____
NO CHANGE IN CLASS. **X**
☐ DECLASSIFIED
CLASS. CHANGED TO: 1S, S, C
NEXT REVIEW DATE: **1085**
AUTH: HR 70-2
DATE **16-7-79** REVIEWER: [Redacted]

25X1

DIA review(s) completed.

Office of Current Intelligence

State Department review
completed

CENTRAL INTELLIGENCE AGENCY

[Redacted]

25X1

TOP SECRET

SUMMARY OF CONTENTS

THE SOVIET WORLD Page 3

THE SOVIET POSITION IN SPITSBERGEN Page 5

Mining on Soviet claims in Spitsbergen is far below capacity, suggesting additional reasons for Russian interest in the islands. Reports of Soviet intentions to utilize the strategic facilities of Spitsbergen have not been confirmed. However, the strategic potential of the island and the importance of having an observation post from which to keep an eye on the activities of other nationals make it unlikely that the USSR will abandon its claims in Spitsbergen. (SEE MAP)

NEAR EASTERN REACTIONS TO THE PROPOSED MIDDLE EAST COMMAND . . . Page 8

Strong popular support for Egypt in its present dispute with Britain is indicated throughout the Arab world. Accordingly, for the present, it is unlikely that any Arab state will accept membership in a Middle East Command. It is uncertain whether Israel would accept MEC membership.

WORLD COMMUNISM: COMMUNISM IN THE ARAB-ISRAEL AREA Page 10

Despite the legal ban imposed on Communist parties in the Arab states, the Communists have increased their activities in this area during the current year. Regional unrest, while primarily associated with the rise of nationalism, has received considerable Communist encouragement and in turn has provided the Communists with new opportunities.

YUGOSLAV GOVERNMENT ADOPTS FIRMER ATTITUDE TOWARD THE WEST . . . Page 13

Indications are that the Yugoslav Government is becoming increasingly concerned over the possible internal effects of its growing reliance on Western aid. Yugoslav leaders have recently adopted a more critical attitude towards the West, have strongly resisted American efforts to supervise the arms aid program adequately, and have reemphasized their determination to carry out the regime's basic socialist objectives.

WESTERN STRATEGY IN THE AUSTRIAN TREATY QUESTION Page 15

With the intention of exerting maximum pressure on Russia to abandon its obstruction of an Austrian state treaty, the US has urged the British and French Governments to adopt a new strategy in approaching the Austrian question. The basic American proposal calls for abandonment of the old draft treaty and the substitution of a new, abbreviated treaty. The British and French have given this proposal an initially cool reception.

THE SOVIET WORLD

In his reply of 15 October to Ambassador Kirk, Soviet Foreign Minister Vyshinsky adamantly maintained that the question of the armistice line should be considered as an organic part of the Korean armistice negotiations. The fact that the negotiations apparently are resuming after two months' interruption, however, and the surrender of the Communists on the question of removing the talks from Kaesong, would seem to indicate the Kremlin's continued interest in preventing the spread of the Korean war, if not in keeping the door open for an actual truce.

The remainder of Vyshinsky's reply, which injected European issues and general questions of US-Soviet relations, follows Soviet notes during the last month objecting to the rearmament of various NATO countries and of Germany. This pattern suggests the Kremlin's concern at what may well appear as an increased Western momentum which stems from the Ottawa conference and the Washington decisions on Germany. In the note to Norway, the USSR had showed particular concern over the possibility that Norway might permit the use of Spitsbergen as a NATO military base.

Vyshinsky ended with an assurance of Soviet willingness to examine all unsettled questions "with participation of the Government of the U.S.A." In this connection, events at the coming General Assembly in Paris may facilitate a Soviet attempt to revive the four power talks which broke down last June, and may serve as a forum for "peace" resolutions which will certainly be passed at the World Peace Council in Vienna.

Meanwhile, a number of recent reports reveal the aggressive efforts of the Soviet Satellites to obtain strategic materials from the West through hard bargaining in bilateral trade negotiations as well as through illicit channels.

Czechoslovakia has signed a one-year trade agreement with Indonesia involving a 16 million dollar exchange of goods. The Czechoslovaks will receive rubber, tin, copra and quinine for automobiles, machinery and paper. They are also negotiating for the purchase of approximately 150,000 tons of World War II scrap located in Egypt.

25X1

25X1

25X1

A trend of Polish hard bargaining tactics with coal-hungry Western European countries emerges from recent Polish trade negotiations with Sweden and Denmark. Poland is demanding from Sweden a 50 percent increase in ball bearing deliveries as well as a 100 percent increase in the current Swedish quota of 700,000 tons of iron ore. The only alternative for the Swedes is to obtain during the coming winter some 275,000 tons of coal monthly from Western sources.

Polish economic demands on Denmark in return for 1952 coal deliveries include five 10,000 ton freighters, three tankers, and partial payment in dollar currency. The Polish negotiators also have informed the Danes that Poland's current commitment for the delivery prior to 1 January of 500,000 tons of coal cannot be met due to a lack of stocks. The current Polish coal shortage probably stems from rising Soviet bloc requirements, coupled with Polish inability to produce sufficiently for all outstanding commitments.

25X1

25X1

THE SOVIET POSITION IN SPITSBERGEN

The recent Soviet note to Norway, which indicated particular concern over Spitsbergen, makes it pertinent to re-examine the extent of the Soviet Union's special interests in the islands and their importance to Soviet security.

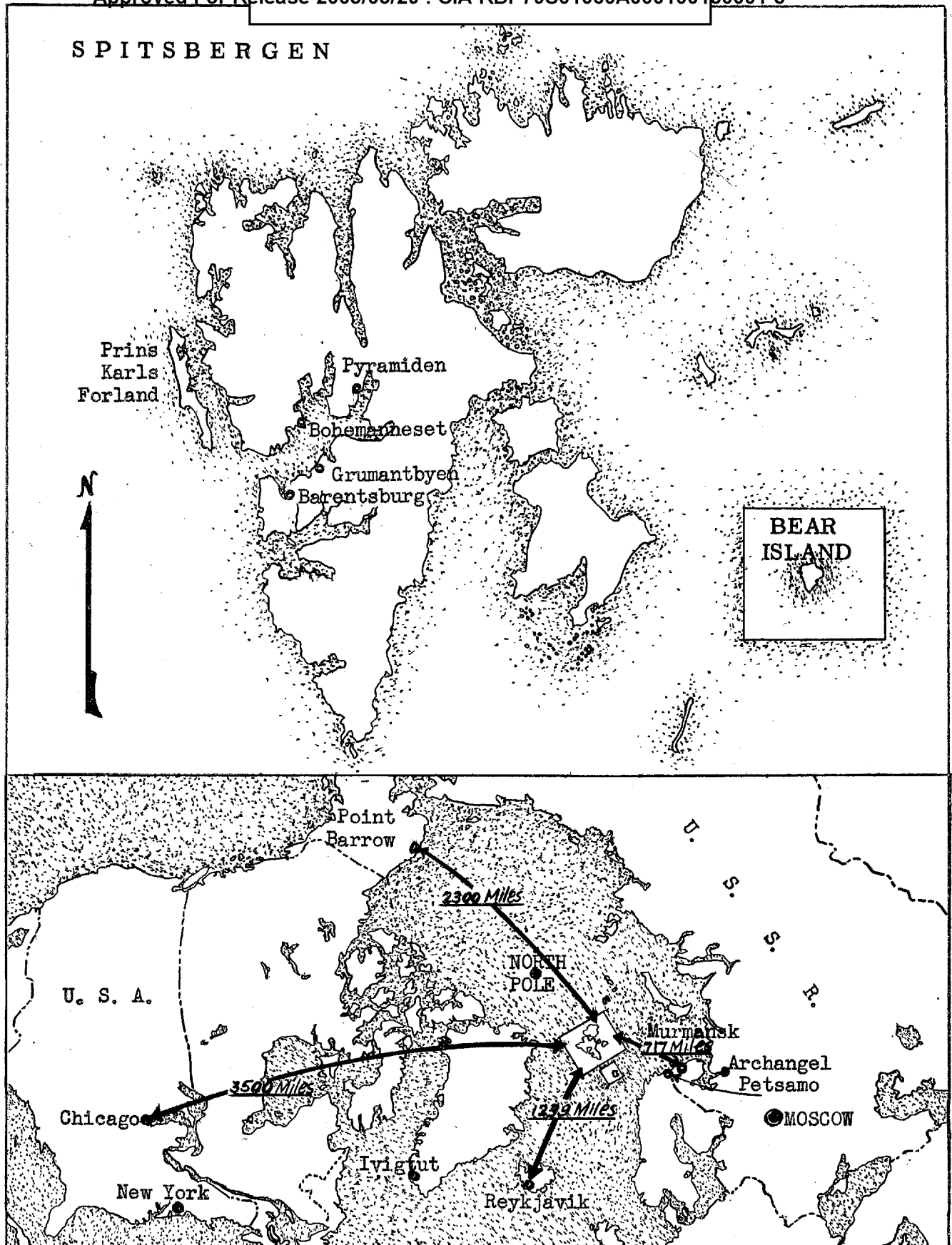
An international agreement signed in 1920, in which the USSR joined in 1935, designates Spitsbergen as a Norwegian possession. The treaty provides that foreign nationals of the signatories may be granted concessions for the economic exploitation of coal and other resources, but prohibits military installations of any kind.

The Soviet Union manifested particular interest in Spitsbergen in 1944 in the form of a demand for the outright cession of Bear Island, the southernmost of the archipelago, and a condominium with Norway for Spitsbergen itself, and later when it proposed joint Norwegian-USSR defense of the islands, and abrogation of the 1920 treaty. Norway in 1947 officially rejected these proposals, but left the door open for joint discussions of an economic nature.

The Soviet coal claims on Spitsbergen have been located at Pyramiden, Barentsburg, Grumantbyen, and Bohemanneset since 1935. Soviet personnel number about 2,500, and observers agree that this number is excessive considering production achieved. Soviet production in 1950 was estimated at 160,000 tons, of which about 100,000 tons were exported. During the same period Norwegian production in the islands was 300,000 tons with 1,200 workers. Although the terms of the Soviet claims require an annual report of production, the USSR has not submitted one since 1949, but observers' reports indicate that the mining on the Soviet claims is far below capacity.

The fact that the USSR has not extensively mined Spitsbergen coal and has no real need for it suggests other reasons for the large numbers of Russians in the area. The Spitsbergen archipelago is on the great circle route from Northern Russia to Greenland and the east coast of the US and on the northern flank of the ocean route to the Soviet ports of Murmansk, Archangel and Petsamo. It has potential strategic value therefore as an air base, for guided missile emplacements, meteorological stations, and radar posts. It could also be used as a destroyer and emergency submarine base.

25X1



Reports of Soviet intentions to exploit the strategic potential of Spitsbergen have not been confirmed. The Russians could carry out extensive activity, however, in areas not under observation. A Norwegian inspector of mines visits the Soviet concessions from time to time, but the Russians require advance notice of his arrival and restrict his surveillance to the mines only. Equipment and material could be stored in fairly large quantities in such a manner that it would not be seen by him and could not be observed from the air.

Frequent reports that the Russians are constructing airstrips, establishing naval bases, and preparing guided missile sites on Spitsbergen also remain unconfirmed. Within the area occupied by the USSR there is only one place -- Bohemanneset -- where an airfield of any importance might be constructed, although additional fields for light aircraft might also be feasible. It is unlikely, also, that under present conditions the Russians would violate the treaty by openly engaging in military construction in their settlements.

The Russians have shown an interest in acquiring additional claims on the islands, largely at locations already surveyed to show mineral deposits. They have inquired about interests on the main island and on Prins Karls Forland, which the current owners, a British company, have found uneconomical to exploit and are trying to sell. Although both the Norwegian Government and the British company will endeavor to avoid Soviet acquisition of additional claims, the Russians will have a chance to bid on these areas if they wish.

Several factors indicate continuing Soviet exploitation of the resources on their Spitsbergen claims. Mining affords an incontestable basis for the presence of Russian personnel. Construction and related work can all be justified as essential to mining operations; so can communication activities, which serve the purpose of transmitting weather data.

Soviet interest in the strategic potential of the island and the importance of having an observation post from which to keep a watchful eye on the activities of other nationals make it unlikely that the USSR will abandon its claims in Spitsbergen.

NEAR EASTERN REACTIONS TO THE PROPOSED MIDDLE EAST COMMAND

Egypt's abrogation of its treaty with Great Britain and its flat refusal subsequently to consider membership in a Middle East Command received immediate support throughout the Arab states. The press, intemperate nationalists, leftists, students, and opposition groups generally expressed their enthusiastic endorsement.

When the several Arab governments were informed by the Western Powers of the proposed Middle East Command on 13 October, the day on which Egypt was invited to join, official Arab reaction was one of restrained interest. Some Arab spokesmen, such as the Jordanian Prime Minister and the Syrian Chief of Staff, voiced the hope that their states might participate on the proposed associate basis. Iraqi Government leaders likewise privately expressed interest.

25X1

Subsequently, others -- such as the Lebanese and Syrian Foreign Ministers -- were privately bitter over the precipitous action Egypt took without consulting the other Arab states.

These reactions reflect the complex intra-Arab relations and the wide divergence in interests and attitudes. Jordan and Iraq which, like most Arab states, somewhat resent Egyptian insistence that it be considered their leader, would normally be delighted to profit at Egypt's expense. Most Arab countries find the prospects of formal alignment with the West attractive, and the possibility of obtaining grants of military equipment holds an even stronger appeal for men such as the powerful Syrian Chief of Staff. Should a lengthy stalemate develop in the present Anglo-Egyptian dispute, individual Arab governments might be tempted by attractive MEC offers.

Despite these aspects of the situation, Egypt seems to be assured of full backing for the present. The World Moslem Conference has met in extraordinary session to pledge Egypt the support of the entire Moslem world. Arab leaders indicate that they are aware of the strength of popular opinion, and they recognize the very real threat of mob action and of assassination. They cannot and dare not elude the emotional climate which currently prevails in the Near East.

25X1

The Arab League Political Committee gave Egypt its full support on abrogation on 9 October. While there have been suggestions that it might not approve Egyptian action on MEC, there is no valid evidence for assuming that an Arab League split is about to occur. The Egyptian Foreign Minister has requested the Political Committee to reconvene in order to

consider recent developments. In view of the League's past record and Egypt's dominating influence on the other Arab states, the League Political Committee is almost certain to be amenable to Egyptian suggestions.

The possibility of Israeli inclusion in a Middle East pact, even under conditions aimed at mollifying the Arabs, is a strong deterrent to the latter. The subject has been raised repeatedly by Arab leaders, who suspect that the present developments are aimed at diverting their attention from Israel and at promoting a settlement in Palestine.

Israel's reaction to inclusion in MEC has been guardedly favorable, and Israeli spokesmen initially exhibited interest in using the MEC as an instrument for bringing about Arab-Israeli settlements. The pro-Western Israeli Prime Minister also showed interest in Israeli inclusion but revealed awareness of the problems posed by Arab-Israeli membership in a single organization. The Prime Minister in this connection voiced fear lest wide concessions be made to the Arabs in order to attract them into the Middle East Command.

Iran, which was not included in the original plans for the Command, has exhibited little interest in membership, although this possibility has been given some attention by the US and Britain. Iranian Minister of Court Ala, who evidenced interest in Iran's membership, reportedly admitted that the Mossadeq government would not participate in such a defense pact. This is in line with generally accepted opinion that violent nationalism in Iran and antipathy toward the British would induce it to reject any offer.

WORLD COMMUNISM: COMMUNISM IN THE ARAB-ISRAEL AREA

Recent disturbances in the Near East, while primarily associated with the rise of nationalism, have received considerable Communist encouragement, and in turn have provided the Communists with new opportunities. The Arab area in particular is now undergoing an upsurge of nationalism and xenophobia which the Communists can readily exploit.

Despite the existing ban against Communist parties in the Arab states, the Communists have increased their efforts during the current year to extend their activities and to widen their influence in the Arab-Israel region. Damascus, Beirut, and Haifa are focal points for the direction of Communist activities in this area. The clandestine Communist parties of Syria and Lebanon cooperate closely with the Israeli Communists, who face no legal ban. Spearheading their attack from Syria, Lebanon, and Israel, the Communists hope to enlarge their influence in Egypt, Iraq, Jordan, and in the Palestinian Arab refugee camps throughout the region. The Israeli Communists, while weak within their own country, exercise considerable influence over leftist groups in the adjacent Arab states.

During the early part of this year Communist efforts were largely concentrated on promoting the Soviet-sponsored Peace Campaign and on generally denouncing the West's alleged imperialistic interests in the area. To promote this Campaign more effectively the Communists successively tried to hold a peace congress in Cyprus, Lebanon, and Egypt. The respective governments, however, by refusing permission for such a congress seriously hampered the Campaign. An impromptu meeting held at Damascus proved to be a fiasco. In spite of the general failure of the Peace Campaign, the Communists gained some support in Egypt and in Syria.

While the Communists have directed their major efforts to strengthening the clandestine organizations throughout the Arab countries, they have also developed contacts with other dissident groups and are attempting to penetrate the various governments. There is considerable evidence that the Communists have maintained regular contact with the leaders of the fanatical hyper-nationalistic Moslem Brotherhood organization as well as with agents of the former Grand Mufti, whose anti-Western bias is well known. Communist elements have also had some success in penetrating the Lebanese government, the Syrian Army, and Egypt's police force.

The assassination in July 1951 of King Abdullah of Jordan and of former Prime Minister Riad al Solh of Lebanon, coupled with the steady deterioration of Anglo-Egyptian relations, resulted locally in an increasing amount of unrest and fear which the Communists have not failed to exploit. In Egypt, the number of leftist publications increased notwithstanding the

government's long-term ban against the party and the deportation of its leader.

Egypt now offers the Communists excellent opportunities for sowing dissatisfaction and increasing their strength. Radio Moscow and the Soviet press are suddenly giving major emphasis to the Anglo-Egyptian dispute. Even Radio Peiping has offered encouragement and advice to Egyptian nationalists.

Concern with what they consider to be Western infringement of their sovereignty and confusion over the developing events have diverted the Near Eastern countries from their normal preoccupation with, and fear of, any type of leftist activity. With tension rising in Egypt to a pitch even higher than during the 1948 Palestine hostilities, and with the other Arab states visibly affected by events in Egypt, Communist propaganda under the cover of nationalism is likely to find new adherents throughout the Moslem world.

25X1

Approved For Release 2005/03/29 : CIA-RDP79S01060A000100180001-5

Approved For Release 2005/03/29 : CIA-RDP79S01060A000100180001-5

YUGOSLAV GOVERNMENT ADOPTS FIRMER ATTITUDE TOWARDS THE WEST

Indications are that the Yugoslav Government is becoming increasingly concerned over the possible internal effects of its growing reliance on Western aid.

Popular restiveness has become more apparent in recent months. Resistance to the collectivization program is widespread among peasants, and the population generally is manifesting greater readiness to express its discontent. Relaxation of the regime's stringent police controls and some governmental reforms may be partially responsible for these overt expressions. Recent pronouncements by Yugoslav leaders, however, indicate a belief that the growing evidence of Western aid has convinced the people that the government is vulnerable and has encouraged them to resist more boldly the unpopular aspects of its policies.

Possibly to dispel this popular notion and to prove their fidelity to socialist objectives in the eyes of orthodox party members, Yugoslav leaders recently have adopted a more critical attitude towards the West, have strongly resisted American efforts to supervise the arms aid program, and reemphasized their determination to carry out the regime's basic socialist objectives. This trend has been evident in recent Tito speeches complaining of "reactionaries" who incite the peasants to write to the US Embassy, and asserting that the Western press and radio are largely controlled by elements who hate socialism. His speeches have displayed extreme sensitivity to charges that recent Yugoslav reforms have been made either as concessions to the West or because of the failure of socialism, and he has re-emphasized that Yugoslavia will not tolerate any interference in its domestic policies.

Because of similar considerations, the Yugoslav Government delayed for several weeks the conclusion of the bilateral arms aid agreement by objecting to the size and supervisory powers of the American military group. The Yugoslavs expressed fear that unless the aid group was severely limited, its activities would create the impression that the US had assumed the role the USSR previously held in Yugoslavia. Tito declared that he would forego all American military aid rather than risk creating such an impression in his army.

In the face of extensive peasant attempts to withdraw from cooperatives, the government has used threats and arrests to pursue its unrelenting policy of socializing agriculture. Similarly the government has indicated its determination to push toward rapid basic industrialization at the expense of the Yugoslav consumer. In a recent speech Boris Kidrid, Yugoslavia's leading economic planner, emphasized the government's goal of completing its key investment projects by 1952, and indicated that the 125-million-dollar Western aid program may not

be sufficient to cover Yugoslavia's needs through June of that year. The economic councils of the government were recently reorganized and stalwart Communists placed in top economic roles.

The Tito regime's determination to carry through its socialist program, while accepting Western aid on a growing scale, poses a real problem both for itself and the West. In order to conceal from the restive population the extent of its dependence on Western support, the government will continue to frustrate any efforts which might be regarded as leading to increased Western influence in the country. Specifically this will result in continuing efforts to curtail Western supervision of its military and economic aid.

As popular restiveness becomes more pronounced, the regime may consider it necessary to reinstitute more repressive measures. This would not only decrease the prospects for any improvement in Yugoslavia's economic stability, but would further diminish popular will to resist aggression. A more likely alternative, however, is that the regime will continue to make ostensible concessions which do not affect the party's control, in an effort to bolster popular morale and increase production.

WESTERN STRATEGY IN THE AUSTRIAN TREATY QUESTION

With the intention of exerting maximum pressure on Russia to abandon its obstruction of an Austrian state treaty, the US has urged the British and French Governments to adopt a new strategy in approaching the Austrian question.

The basic US proposal calls for the abandonment of the old draft treaty and the substitution of a new, abbreviated treaty restoring Austria's sovereignty and providing for the withdrawal of occupation forces. The United States believes that such a treaty, with its conciliatory provisions, would be in keeping with the spirit of the Japanese treaty, of a possible Italian treaty revision, and of the coming "contractual" settlement with West Germany. More important, it would focus world attention upon the crucial issue -- Soviet intentions in Austria.

Although there is no optimism on the prospects of concluding a state treaty, this may be a particularly opportune time for a resumption of negotiations. There are no major differences separating the East and West on the draft treaty itself. The Trieste issue may be settled by negotiation, and such a settlement would deprive the Russians of an extraneous objection to an Austrian agreement. At a time when the Soviet Union is conducting a major campaign for German unification and for "peace," resistance on the Austrian treaty would reflect on the sincerity of Soviet intentions in Germany.

While none of these considerations may be sufficiently weighty to counterbalance Soviet objections based on fundamental political and military considerations, they may be important enough to make Soviet rejection of an Austrian settlement more difficult than heretofore. This would especially be the case if the Austrian treaty issue were referred to the General Assembly, as the Austrian Government desires, and the Russian attitude on Austria were thereby subjected to world scrutiny.

Both the British and French Governments, however, have raised preliminary objections to the abbreviated treaty approach. While the British are apparently concerned primarily with problems of timing, procedure, and coordination with the Austrian Foreign Office, the French believe that the USSR is even less likely to agree to a conciliatory Austrian treaty than to the old punitive one, and they fear that Austrian and world opinion may accuse the West of providing a new excuse to the Kremlin for refusing an Austrian settlement. They suggest that if the USSR should demonstrate a more receptive attitude in initial discussions, the Western powers then might go a long way in accepting the Soviet version of the remaining disputed items.

The Austrian Government, while favoring the conciliatory nature of the abbreviated treaty, has likewise urged against any action which might jeopardize ultimate agreement. It is therefore likely that negotiations will first be resumed on the basis of the old draft -- a procedure which the US proposal has not ruled out. If the Soviet Union should surprise the West by an amenable attitude and should agreement be reached, then the Austrian Government could later press for a revision of the treaty and the substitution of terms more in keeping with the spirit of the Japanese settlement. Should the Soviet Union remain adamant, then the West could test the strength of its position by applying the weight of the abbreviated treaty proposal, or by appealing to the United Nations.

The risks of the Western strategy are obvious. There is the possibility, for example, that the West may be led to make further concessions by an apparent display of Soviet tractability on the old treaty draft --- only to have the Russians refuse a final signature of the agreement on the basis of extraneous issues. In this case, the West would find it difficult to abandon the old draft, and the pressure exerted by the introduction of a new one would be limited. Such considerations underline the narrow limits -- limits imposed by the paramount necessity of four-power agreement in the case of Austria -- within which the West is free to maneuver.